

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

CASCADE MANUFACTURING SALES,
INC., a Washington corporation,

Plaintiff,

v.

PROVIDNET CO. TRUST, a Washington
trust dba WORMWRANGLER.COM;
BARRY RUSSELL, an individual,

Defendant.

Case No. C08-5433RBL

ORDER ON MOTION FOR
PRELIMINARY INJUNCTION

This matter is before the court on the Plaintiff Cascade Manufacturing's Motion for a Preliminary Injunction. [Dkt. #] Cascade is the manufacturer and seller of a composting bin it calls the "Worm Factory." Cascade has had a federally registered trademark on that term and a related logo since June 17, 2008. Cascade claims it has been using the term in association with its product since 2000. The bins utilize the natural work of earth worms to enhance and accelerate the composting process.

Defendant Providnet and its principal, defendant Barry Russell, market a competing product known as the "Gusanito¹ Worm Factory." Providnet was incorporated, and apparently has been marketing its product, since 2006. Cascade argues that Providnet's mark infringes on its protected mark, and seeks to enjoin the use

¹Providnet's product is also known as the "Gusanito Factory of Worms." Its website is "wormwrangler.com."

1 of the mark pending resolution of this lawsuit.²

2
3 **A. Background**

4 Cascade provides evidence supporting its claim that it has spent time, money and effort developing its
5 product and its mark, and that it is well known in its industry. It sells its “worm factories” in the U.S. and
6 worldwide. It sells over the internet as well as through more traditional retailers. Cascade claims that
7 Providnet markets a directly competing composting bin through various channels, including the internet, and
8 that it does so to the same or a similar customer base.

9 The parties previously enjoyed some sort of business relationship, in which Providnet would purchase
10 Cascade’s products for resale. According to Cascade, that agreement did not include any sort of license for
11 Providnet to use the “worm factory” mark. Cascade claims that Providnet breached the agreement two years
12 ago and that it owes Cascade approximately \$10,000. Cascade claims that Providnet’s competing product
13 infringes on Cascade’s protected name and logo, and that Providnet’s efforts are actually causing customer
14 confusion.

15 Providnet does not dispute that it is using the term “Gusanito Worm Factory” but claims that the term
16 is not eligible for protection because it entered the lexicon prior to the date of Cascade’s trademark. It also
17 claims that the term is not likely to cause customer confusion, as the terms and logos are markedly different.
18 And, it argues, even if it was so likely, Cascade (and its principal, Rhoades) consented to Providnet’s use of
19 the term Guisanito Worm Factory since 2003.

20 Providnet argues that Cascade and Barry Russell agreed prior to 2003 to jointly develop and market
21 worm composting bins, and jointly recognized that the term “worm factory” had previously been used for a
22 similar product marketed worldwide, including the U.S., by an Australian company known as RELN. Providnet
23 claims that the parties agreed that that prior use precluded them from registering the term “worm factory.”
24 It provides evidence supporting its claim that Cascade was not incorporated until 2003, and that its 2008
25 trademark application claimed its first use of the term was March, 2003. Providnet argues that the parties
26 agreed that Russell would use his expertise and marketing connections to assist in the marketing of the Cascade

27
28 ²The Providnet/wormwrangler logo is at issue, but the logo, distinct from the Gusanito worm factory
name, does not infringe on Cascade’s mark. It is not similar and is not alleged to have caused, and is not likely
to cause, customer confusion. The Motion for a Preliminary Injunction on the “logo” claim is DENIED.

1 product, which he did until he was “cut loose” by Rhoades and Cascade in 2006.

2 Providnet argues that it began marketing its Gusanito Worm Factory in 2003, and that it and Russell
3 marketed both products from that time until 2006. Providnet applied to the USPTO to register the mark
4 “Gusanito Factory of Worms” on July 23, 2008. The result of that application is not clear from the record
5 supplied by the parties. At the same time, Providnet argues that it and Cascade were aware of third party uses
6 of the term ‘worm factory’ prior to Cascade’s 2003 incorporation. These include RELN, which has used the
7 term since 1996, and T.K. Worm factory, which has used the term since 1998. Providnet also supplies news
8 and trade accounts from 1996 through 2001 in which the term “worm factory” is used to describe the use of
9 worms in the composting. Providnet argues that the term is generic, and that the balance of relevant factors
10 tilts in favor of denying the Motion for a Preliminary Injunction.

11 For the reasons that follow, the Plaintiffs’ Motion for a Preliminary Injunction on the defendant’s use
12 of the term Gusanito Worm Factory is GRANTED. Cascade’s Motion for a Preliminary Injunction precluding
13 Providnet from using its own ‘wormwrangler’ logo is DENIED.

14 **B. Preliminary Injunction Standard.**

15 The standard for granting a preliminary injunction balances the plaintiff’s likelihood of success on the
16 merits against the hardship to the parties. To prevail on a motion for preliminary injunction, a party must
17 demonstrate either: (1) a likelihood of success on the merits and the possibility of irreparable injury; or (2) that
18 serious questions going to the merits were raised and the balance of hardships tips sharply in the moving
19 party’s favor. These alternatives do not represent separate tests but rather represent extremes of a single
20 continuum. The greater the relative hardship to the moving party, the less probability of success must be
21 shown. *Clear Channel Outdoor Inc. v. City of Los Angeles*, 340 F.3d 810, 813 (9th Cir. 2003).

22 In the unfair competition and Lanham Act context, one seeking an injunction must demonstrate it owns
23 and has a protectable interest in a valid mark, and that the alleged infringer’s use of the mark is likely to cause
24 confusion. *See AMF Inc. V. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979).

25 **C. Likelihood of Success on the Merits.**

26 Plaintiff Cascade argues that it has met the Preliminary Injunction standard. It argues that it is likely
27 to succeed on its Lanham Act (trademark infringement) claims, citing its mark and the similarity of the name
28 Provident uses to market its product. Provident argues that the standard is not met, emphasizing that the

1 “worm factory” mark is not valid and that customer confusion is not likely to result.

2 **1. Validity of mark.**

3 Cascade argues that its USPTO registration is “prima facie evidence” of the validity of its mark. It
4 claims it owns the mark and has a protectable interest in it. *See KP Permanent Make-Up, Inc. V. Lasting*
5 *Impression, Inc.*, 408 F.3d 596 (9th Cir. 2005). Providnet argues that the term “worm factory” is highly
6 descriptive, that it lacks a secondary meaning, and is likely generic.

7 **a. The term is not generic.**

8 A generic term explains “what are you?” as opposed to “where do you come from?” *See* 2 J.T.
9 McCarthy On Trademarks and Unfair Competition §12:1 (2003); Defendant’s Brief at 11 [Dkt. # 16]. Plaintiff
10 correctly points out that a Federal trademark registration is entitled to a presumption that the term is not
11 generic. *See* 15 U.S.C. § 1057(b).

12 As an initial matter, in its truly generic sense, the term “worm factory” would suggest a factory where
13 worms are built, not a composting bin in which worms are effectively the factory workers. This suggests that
14 the term as used by Cascade is not generic.

15 However, the parties agree that the Court’s inquiry as to whether the “not generic” presumption is
16 overcome is determined by reference to the following factors: (1) consumer surveys; (2) the use of the term
17 in media publications; (3) the use of the term by competitors in the industry; (4) purchaser testimony
18 concerning the term and (5) the use of the term by the parties. *See Boston Duck Tours, LP v. Super Duck*
19 *Tours, LLC*, 531 F.3d 1, 18 (1st Cir. 2008). The issue is whether consumers understand the term to refer to
20 only a particular producer’s goods or to the goods themselves. *See Park N Fly v. Dollar Park N Fly*, 718 F.
21 2d 327, 330 (9th Cir. 1983).

22 Defendants argue that the term “worm factory” is, or has become, generic under this standard. They
23 emphasize that the term has been fairly widely used in the media prior to the Plaintiff’s claimed first use of the
24 term. Plaintiff responds that the bulk of the media uses of the term “worm factory” at issue did not describe
25 worm-powered compost bins. They argue that the articles that did use the term to describe a composting bin
26 using worms reference the RELN and TK Worm Factory products, and emphasize that in each case the third
27 parties used the term in a non-generic sense. RELN used the term as a mark, and TK Worm Factory sold
28 worms, not composting bins. Plaintiffs argue that these “non-generic” uses support the protectability of the

1 mark, and are not particularly relevant to whether the mark has become generic.

2 The court does not agree that the media's prior use of the term, and its citation to the use of the term
3 by RELN, supports Plaintiff's claim that the term is not generic. While not all of the articles using the term
4 tied it to composting bins, some did. [See Carlson Dec. Dkt. #21, and Exhibits thereto.] And the use of the
5 term by RELN (additional implications of this use will be discussed below) does not support the Plaintiff's
6 claim that the term is not generic under the *Boston Duck Tours* standard. Instead, these uses support the
7 Defendants' position that the term is generic.

8 The term's status as generic is also informed by reference to purchaser and consumer testimony.
9 Defendants supply the testimony of Ms. Arlita Purser, who runs a vermicomposting business in California, and
10 who has done business with both parties. The gist of her testimony is that she has purchased for re-sale the
11 gusanito worm factory product since March of 2006 and the Cascade Worm factory since 2007. She claims
12 that her customers have not been confused about the source of the different products. Plaintiffs point out,
13 correctly, that she refers to the "genus" of the product as "worm bins," not "worm factories. Her testimony
14 does support the claim that the phrase "worm factory" is used in each case as a mark. Defendant Russell's
15 testimony similarly suggests that the product is a "worm bin" and that the term "worm factory" is used in both
16 cases as a brand. Indeed, as they also emphasize, Defendants have also sought USPTO protection for the mark
17 "Gusanito Worm Factory." Finally, Cascade provides evidence of internet "searches" supporting its claim that
18 the term "worm bin" is used to generically describe vermiculture bins using worms, and that the term "worm
19 factory" refers to Cascade's (and others') particular product.

20 This evidence supports Cascade's position that the term is not generic, and is instead a "unique source
21 identifier" for the generic class of products known as worm bins. This, coupled with the presumption that the
22 term is not generic, compels the court to determine in the context of a Motion for Preliminary Injunction , that
23 the term is not generic, and is not invalid on that basis.

24 **b. The term is more than merely descriptive.**

25 Defendants claims that if the term "worm factory"" is not generic, it is highly descriptive and lacks
26 secondary meaning. This is a closer question. A descriptive mark defines a particular characteristic of the
27 product (such as "honey roasted"), and does not require the exercise of any imagination. It is a "weaker" mark
28 than suggestive marks, such as "Slickcraft boats," or fanciful/arbitrary marks such as "Kodak." Such marks

1 are not entitled to trademark protection unless they also acquire a secondary meaning.

2 A showing of secondary meaning requires the proponent to demonstrate that the descriptive phrase has
3 become associated with a single commercial source. *See Tone Bros., Inc. V. Sysco Corp.*, 28 F.3d 1192 (Fed.
4 Cir. 2004). Providnet argues that a plaintiff must make a clear and strong showing of secondary meaning in
5 order to obtain a preliminary injunction in such cases (*citing Ralston Purina Co. v. Thomas J. Lipton, Inc.*,
6 129 S.D.N.Y. 1972).

7 The term “worm factory” is not purely descriptive. As Cascade points out, the Ninth Circuit looks to
8 two tests to determine if a mark is descriptive. The “imagination test” focuses on the extent of imagination
9 required for a consumer to associate a given mark with the product it identifies. *See Golden Door, Inc., v.*
10 *Odisho*, 646 F.2d 347, 350 (9th Cir. 1980). If a consumer must use more than a small amount of imagination
11 to make the association, the mark is suggestive rather than descriptive. The term “worm factory” does not
12 describe a composting bin using worms and worm castings; a consumer must use his or her imagination to
13 some extent to make that connection.

14 The related, second test is the “need test,” which looks at the extent to which a competitor actually
15 needs to use the term to identify its product. If the term is “needed” for a competitor to describe its product,
16 the term is descriptive and not suggestive. *See Union Carbide Corp. v. Ever-Ready Inc.*, 533 F.2d 366 97th
17 Cir. (1976).

18 It cannot be said that Providnet “needs” to use the term worm factory to describe its worm composting
19 bins. The words “worm” and “compost” and perhaps “bin” are needed; the word “factory,” while useful and
20 distinct, is not needed to describe or market a vermiculture product using worms and worm castings to enhance
21 the composting process. As Cascade cleverly points out, the market is “crawling” with products incorporating
22 the term “worm” without using the term “factory” to denote worm-related composting products. Under these
23 tests, Cascade’s mark is not merely descriptive; it is a stronger, suggestive mark.

24 While this determination may make the question of secondary meaning moot, it is worth noting that
25 the Defendant is likely correct that the term “worm factory” has not acquired the secondary meaning required
26 for protection of a merely descriptive mark. The term is used by at least two third parties, one of whom is a
27 direct competitor to the parties, and Providnet has produced evidence that the term is not associated
28 exclusively with Cascade’s product.

1 **B. Likelihood of confusion.**

2 The second prong of the Preliminary Injunction standard is whether the alleged infringer's use is likely
3 to cause confusion.

4 The "likelihood of confusion" test requires the fact finder to determine whether a "reasonably
5 prudent consumer in the marketplace is likely to be confused as to the origin of the good or service bearing
6 one of the marks." *See Dreamwerks Prod. Group, Inc*, 142 F.3d at 1129. In the Ninth Circuit, courts
7 typically consider the following eight factors when analyzing the likelihood of confusion: (1) strength of the
8 marks; (2) relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5)
9 marketing channels; (6) degree of consumer care; (7) defendant's intent and (8) likelihood of expansion. *Id.*
10 This test is a fluid one and the plaintiff need not satisfy every factor, provided that strong showings are
11 made with respect to some of them. *See id.* at 1129-30, 1132.

12 Cascade provides evidence that the products (worm composting bins) and marks ("worm factory")
13 are substantially similar, if not identical. It argues that Providnet's use of the term "worm factory" in
14 connection with its competing product not only is likely to cause customer confusion, but that it has in fact
15 caused such confusion. Cascade provides reference to an internet "board" evidencing confusion among
16 consumers as to whether the products are separate, and as to which is which. It also points out that both
17 companies market extensively on the internet, and use other similar marketing channels.

18 Providnet argues that the term is not a strong mark, for the reasons discussed above. It emphasizes
19 its use of the term "Gusanito" and understates its use of Cascade's mark, "worm factory," arguing that its
20 own term is a "composite mark." It argues that the terms "Gusanito worm factory" and "worm factory"
21 are visually and aurally dissimilar, and are dissimilar in meaning. Providnet correctly points out that its
22 "wormwrangler" logo is not at all similar to Cascade's logo.

23 Providnet also argues that the "degree of customer care" factor weighs in its favor, because the
24 products are "highly specialized" and customers for these products are sophisticated. They argue that the
25 sorts of "garden enthusiasts" who use such products should be expected to, and do, exercise greater than
26 ordinary care in making their purchase selections. Finally, Providnet argues (as will be discussed below)
27 that it did not "intentionally" violate Cascade's worm factory mark, because it used that phrase in
28 connection with its own product with Cascade's knowledge and consent.

1 It is clear to the court that, assuming the mark is valid, Cascade has demonstrated that customers
2 are likely to be confused by Providnet's use of "Gusanito worm factory" to identify its product, which
3 directly competes with Cascade's 'worm factory.' Indeed, there is anecdotal evidence that such confusion
4 is already occurring, among the very customers Providnet claims would exercise more than ordinary care
5 to avoid.

6 **C. Knowledge of and Consent to Use.**

7 Providnet and Russell also argue that their use of the term "worm factory" was initially done with
8 the knowledge and consent of Cascade and its principal, Mr. Rhoades. This argument is based on the
9 apparently undisputed fact that the two principals worked together in the vermiculture industry before
10 either of them marketed a worm bin, and then began developing worm bins together. It claims Cascade
11 and Rhoades knew of Russell's sale of Providnet's composting bins, as well as Cascade's bins, as early as
12 2003. It argues that Cascade impliedly if not directly acquiesced in Providnet's use of the worm factory
13 name from 2003 to the date of the lawsuit, and cannot now be allowed to object to those uses. *See Getty*
14 *Petroleum Corp. v. Shore Line Oil Co., Inc.*, 642 F.Supp. 203 (E.D.N.Y. 1986).

15 Cascade points out that Providnet's argument has two components, and that it fails to support
16 either of them as an evidentiary matter: (1) Russell and Providnet argue that their use of the mark was
17 senior to Cascade's, and (2) that Cascade is guilty of laches in asserting its claim. As to the former,
18 Providnet relies on the declarations of Barry Russell and a customer, Arlita Purser, to support its allegation
19 that it used the mark "worm factory" in 2003. As Cascade points out, Purser does not make this claim; she
20 claims only that she purchased Gusanito worm bins from defendants, beginning in 2006. Russell testifies
21 that he marketed a Gusanito Worm Factory since 2003. He does not provide any evidentiary support
22 (such as advertising or packaging) for this claim. In fact, Cascade provides a link to an archive of Mr.
23 Russell's website dating to May 2004, and the first use of the term "worm factory" on that website is
24 November 2006.

25 Mr. Russell's declaration actually supports Cascade's claim that Russell simply marketed
26 Cascade's "worm factory" pursuant to the parties' agreement, in the 2003 time frame. He registered the
27 trade names "Gusanito soil," "Providnet," "wormwrangler.com," and "Winemasters" with the State of
28 Washington in 2003. He did not, as he claims, register the name "worm factory" at that time. Cascade has

1 established, and Russell and Providnet have failed to rebut, that Cascade's use of the term "worm factory"
2 is senior to the use of that term by Providnet.

3 Providnet's laches argument also fails. This defense to a trademark infringement claim is triggered
4 where a trademark holder "knowingly allows the infringing mark to be used without objection for a lengthy
5 period of time." *See Goto.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199 (9th Cir. 2000). Russell and
6 Providnet's "use" of Cascade's mark in the 2003 time frame was admittedly pursuant to an agreement
7 which permitted Providnet to sell Cascade's product. That use was authorized and cannot support a laches
8 defense. Providnet has not shown that Cascade delayed for an unreasonable amount of time before
9 pursuing its rights in protecting the "worm factory" mark.

10 **D. Validity/Cancellation.**

11 Providnet's final substantive argument is that Cascade's mark is subject to cancellation because it
12 was improperly obtained. Providnet argues that Rhoades's USPTO application was fraudulent, in that he
13 stated he "owned" the mark, while he knew that others, including RELN, had previously used the term in
14 connection with a similar product.

15 Cascade correctly argues that the use of the term by third parties is not relevant in this action, as
16 priority is determined between the *parties*. *See Lahoti v. Vericheck, Inc.*, 2007 U.S. Dist LEXIS 91997
17 (W.D. Wash. 2007). Cascade also claims that RELN does not use the mark in the United States.

18 **4. Irreparable Harm.**

19 The final factor in the preliminary injunction analysis is weighing the impacts on each party.
20 Obviously, the party which does not prevail on this motion is going to suffer harm: Cascade would have to
21 compete in the marketplace with Providnet, who is trading on its mark; while Providnet would have to
22 immediately alter its advertising and packaging.

23 Providnet's primary argument in opposition to the preliminary injunction is that because Cascade
24 has known of its competing use of the "worm factory" mark for five years, the threat of harm is not
25 "imminent" and the harm is not "irreparable." The factual inaccuracy of this position is discussed above.
26 For its part, Cascade correctly points out that because it has established the validity of its mark and the
27 likelihood of confusion, irreparable harm is presumed. *See Rodeo Collection, Ltd. v. West Seventh*, 812
28 F.2d 1315 (9th Cir. 1987).

1 **5. Bond.**

2 Providnet asks the court to require Cascade to post a \$500,000 bond under rule 65. Fed.

3 R. Civ. Proc. 65(c) provides:

4 **(c) Security.** No restraining order or preliminary injunction shall issue except upon the
5 giving of security by the applicant, in such sum as the court deems proper, for the payment
6 of such costs and damages as may be incurred or suffered by any party who is found to have
7 been wrongfully enjoined or restrained.

8 Providnet argues that it stands to lose \$250,000 in sales and is likely to spend another \$250,000 in
9 altering its advertising and packaging, and the damage to its goodwill, in having to abandon its use of the
10 mark.

11 Providnet provides evidence that its annual gross sales are something short of \$150,000. It has not
12 established that it will lose all of its sales if it is forced to use a different name for its worm bins. Nor has it
13 provided evidence supporting the claim that changing the name would cost \$250,000. For that reason, its
14 request of a \$500,000 bond is DENIED. The Court will Order Cascade to post a \$25,000 bond in support
15 of this Preliminary Injunction within 10 days.

16 The Plaintiff's Motion for a Preliminary Injunction is GRANTED.

17 IT IS SO ORDERED.

18 Dated this 12th day of November, 2008.

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20 RONALD B. LEIGHTON
21 UNITED STATES DISTRICT JUDGE
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